

GAC Denmark A/S

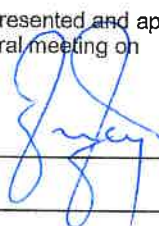
Hummeltoftevej 49
2839 Virum

CVR no. 31 17 75 96

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

16 May 2017

A handwritten signature in blue ink, appearing to be 'S. Jensen', is written over a horizontal line. The signature is stylized and partially overlaps the text above it.

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of GAC Denmark A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

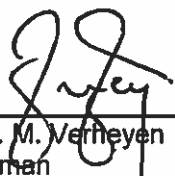
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.


Virum, 16 May 2017
Executive Board:

Bengt Åke Ekstrand

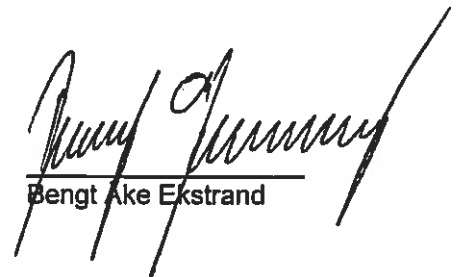
Board of Directors:



Ivo R. M. Verheyen
Chairman



Tommy Bo-Håkan
Wester



Bengt Åke Ekstrand



Independent auditor's report

To the shareholder of GAC Denmark A/S

Opinion

We have audited the financial statements of GAC Denmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to note 2 in which Management describes the capital resources of the Company. It is stated that the Company is financed by credit lines in banks and by loans from other companies in the GAC Group and that the GAC Group has confirmed its intention to continue to provide sufficient funding as long as the Company is included in the GAC Group to enable the Company to continue its activities in 2017. The Company is subject to the provisions on capital loss as stated in section 119 of the Danish Companies Act as more than half of the Company's share capital has been lost.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Independent auditor's report

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Independent auditor's report

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Per Ejsing Olsen
State Authorised
Public Accountant

GAC Denmark A/S
Annual report 2016
CVR no. 31 17 75 96

Management's review

Company details

GAC Denmark A/S
Hummeltoftevej 49
2839 Virum

CVR no.: 31 17 75 96
Established: 20 December 2007
Registered office: Virum
Financial year: 1 January – 31 December

Board of Directors

Ivo R. M. Verheyen, Chairman
Tommy Bo-Håkan Wester
Bengt Åke Ekstrand

Executive Board

Bengt Åke Ekstrand

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 16 May 2017.

Management's review

Operating review

Core activity

The Company and its subsidiaries are engaged in the transportation sector focusing on liner agency business and related activities, including project shipping, port agency and logistics. In GAC Denmark A/S, the liner business was ceased during 2016.

The Company and its subsidiaries are part of the GAC Group, which is an international group with more than 10,000 employees which provides integrated solutions within shipping, logistics, marine and related services to customers on the global market. The Group's headquarter is at Gulf Agency Company Ltd. in Dubai in the United Arab Emirates.

Development in the year

The income statement (of the Company) for 2016 showed a loss of DKK 12,846 thousand, and at 31 December 2016, the balance sheet (of the Company) showed equity of DKK - 46,002 thousand.

Capital resources

GAC Denmark A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The companies saw a loss for 2015 and 2016, and it is expected that the companies will also experience a challenging 2017 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue to provide financial support so that the companies can continue their activities in 2017.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue to support the companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2016, the Company received an increase in its subordinated loan of DKK 6 million, and the loan totalled to DKK 34 million at 31 December 2016. The loan is subordinated to other creditors.

The subordinated loan carries interest of CIBOR 6 months + 3% p.a. and falls due upon request, but not completely or partly until the Company's equity is positive.

There have been no significant changes in GAC Nordic A/S' or the Group's capital resources after 31 December 2016.

Management's review

Operating review

Uncertainty relating to recognition and measurement

Recognition and measurement of deferred tax assets and receivables and uncompleted transports are subject to uncertainty and estimates. Due to uncertainties in the market situation for the Company, including timing of the utilisation of the deferred tax asset, no deferred tax asset has been recognised at 31 December 2016 (31 December 2015: DKK 0). Receivables and uncompleted transports are recognised based on estimated net realisable value at 31 December 2016.

Outlook

For 2017, the Company expects a decrease in activity and an improvement in the performance, however, still with a negative result.

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		5,189	10,558
Staff costs	3	-11,054	-10,657
Depreciation, amortisation and impairment	4	-34	23
Operating loss		-5,899	-76
Impairment related to subsidiaries	5	-5,643	-2,880
Financial income	6	60	77
Financial expenses	7	-1,364	-1,021
Loss before tax		-12,846	-3,900
Tax on profit/loss for the year		0	0
Loss for the year		-12,846	-3,900
Proposed distribution of loss			
Retained earnings		-12,846	-3,900
		-12,846	-3,900

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		178	177
		<u>178</u>	<u>177</u>
Investments	5		
Equity investments in group entities		398	2,067
Deposits		75	75
		<u>473</u>	<u>2,142</u>
Total fixed assets		<u>651</u>	<u>2,319</u>
Current assets			
Receivables			
Trade receivables		1,885	7,211
Receivables from group entities		3,194	1,177
Other receivables		225	504
Accrued income		0	69
Prepayments		12	19
		<u>5,316</u>	<u>8,980</u>
Cash at bank and in hand		<u>1,280</u>	<u>1,509</u>
Total current assets		<u>6,596</u>	<u>10,489</u>
TOTAL ASSETS		<u>7,247</u>	<u>12,808</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	9		
Share capital		800	800
Retained earnings		<u>-46,802</u>	<u>-33,956</u>
Total equity		<u>-46,002</u>	<u>-33,156</u>
Provisions			
Provisions for equity investments in subsidiaries		<u>3,521</u>	<u>3,547</u>
Total provisions		<u>3,521</u>	<u>3,547</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Subordinary loan capital		<u>34,000</u>	<u>28,000</u>
		<u>34,000</u>	<u>28,000</u>
Current liabilities other than provisions			
Banks, current liabilities		7,778	7,496
Trade payables		3,788	3,827
Payables to group entities		484	1,343
Other payables		<u>3,678</u>	<u>1,751</u>
		<u>15,728</u>	<u>14,417</u>
Total liabilities other than provisions		<u>49,728</u>	<u>42,417</u>
TOTAL EQUITY AND LIABILITIES		<u>7,247</u>	<u>12,808</u>
Disclosure of material uncertainties regarding going concern	2		
Contractual obligations, contingencies, etc.	10		
Related party disclosures	11		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	800	-33,956	-33,156
Transferred over the distribution of loss	<u>0</u>	<u>-12,846</u>	<u>-12,846</u>
Equity at 31 December 2016	<u>800</u>	<u>-46,802</u>	<u>-46,002</u>

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of GAC Nordic A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act. The company has with effect from 1. January 2016 ahead of schedule implemented Act no. 738 of 1 June 2016.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Exchange rate differences between the rate at the transaction date and the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

According to section 32 in the Danish Financial Statements Act, the Company has decided to only present gross profit.

Revenue

Income from the sale of services, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Costs of sales

Cost of sales comprise all costs incurred to provide shipping services, logistics and other transportation activities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff cost comprises salaries and wages as well as social security cost, pension contributions, etc., for the Company's staff.

Other operating costs

Other operating expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, management fee, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion directly attributable to the profit for the year and recognised directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for tax from previous years income and prepaid tax.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

life. The estimated useful lives are as follows:

The basis of depreciation is cost less any projected residual value after the end of the useful life.

Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Other fixtures and fittings, tools and equipments	3-5 years
Fixtures and fittings, tools and equipment	5-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Equity investments in group entities

Equity investments in group entities are measured at fair value. If the fair value cannot be determined reliably, equity investments in group entities are recognised at cost. If cost exceeds the net realisable value, write-down is made to this lower value.

Receivables

Receivables are measured at amortized cost, which usually correspond to nominal value. Writedown is made for bad debt losses where there is an objective indication that a receivable has been impaired. Write-down is made to expected net realisable value based on a concrete assessment.

Prepayments and deferred income

Prepayments recognised under current assets comprise cost incurred concerning subsequent reporting years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Corporation tax and deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax based value of assets and liabilities, for which the tax based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated fair value, either as a set off against deferred tax liabilities or as net tax assets.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be settled as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Provisions

Subsidiaries with a negative equity value are measured at zero value, if the remaining amount is recognised under provisions if the parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Financial statements 1 January – 31 December

Notes

2 Capital resources

GAC Denmark A/S and its subsidiaries are included in the GAC Group and are financially interrelated. The companies are funded by credit facilities in banks and by loans granted by other companies within the GAC Group.

The companies saw a loss for 2015 and 2016, and it is expected that the companies will also experience a challenging 2017 resulting in losses, and the future optimum financing of the activities is still discussed with the GAC Group. Under the assumption that the companies are still included in the GAC Group, other companies in the GAC Group have confirmed their intention to continue to provide financial support so that the companies can continue their activities in 2017.

Management expects that the existing credit lines and loans as well as the confirmation from the GAC Group of the intention to continue to support the companies financially provide a sufficient basis for preparing the financial statements under the going concern assumption.

In 2016, the Company received an increase in its subordinated loan of DKK 6 million, and the loan totalled to DKK 34 million at 31 December 2016. The loan is subordinated to other creditors.

The subordinated loan carries interest of CIBOR 6 months + 3% p.a. and falls due upon request, but not completely or partly until the Company's equity is positive.

There have been no significant changes in GAC Nordic A/S' or the Group's capital resources after 31 December 2016.

3 Staff costs

DKK'000	2016	2015
Wages and salaries	10,001	9,708
Pensions	924	882
Other social security costs	130	67
	<u>11,055</u>	<u>10,657</u>
Average number of full-time employees	<u>19</u>	<u>21</u>

4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation intangible assets	34	36
Gain/loss on disposal	0	-59
	<u>34</u>	<u>-23</u>

Financial statements 1 January – 31 December

Notes

5 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2016	28,208
Additions	4,000
Disposals	-4,070
Cost at 31 December 2016	28,138
Impairment losses at 1 January 2016	-26,141
Impairment losses for the year	-5,600
Disposals for the year	4,001
Impairment losses at 31 December 2016	-27,740
Carrying amount at 31 December 2016	398

Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
Joship AB	Sweden	100 %	291	-237
GAC Sweden AB	Sweden	100 %	107	-2,535
Scanweco Fragtmegleme AS	Norway	100 %	-3,591	43
			-3,193	-2,729

6 Financial income

DKK'000	2016	2015
Exchange gains	60	77
	60	77

7 Financial costs

Interest paid to subsidiaries	950	777
Other financial costs	414	244
	1,364	1,021

Financial statements 1 January – 31 December

Notes

8 Tangible assets

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	5,286
Additions for the year	55
Disposals for the year	<u>-275</u>
Cost at 31 December 2016	5,066
Depreciation at 1 January 2016	-5,109
Depreciation	-37
Disposals	<u>258</u>
Depreciation and impairment losses at 31 December 2016	<u>-4,888</u>
Carrying amount at 31 December 2016	<u>178</u>

9 Equity

The share capital consists of 8,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

10 Contingent assets, liabilities and other financial obligations

The Company have no mortgages.

As co-obligor, the Company is jointly and severally liable together with its subsidiary for a joint credit facility in a credit institute with a credit facility of DKK 10,500 thousand.

The company has, through credit institute, provided payment guarantees in connection with the operation of the company for a total of DKK 391 thousand.

The Company has signed a rent agreement with a commitment for DKK 1,705 thousand.

The Company has signed lease agreements with a total commitment of DKK 281 thousand.

Financial statements 1 January – 31 December

Notes

11 Related party disclosures

GAC Denmark A/S' related parties comprise the following:

Control

GAC Shipping (UK) Limited, 2A Gateway Business Park, Grangemouth, FK3 8WX, Storbritannien

GAC Shipping (UK) Limited holds the majority of the share capital in the Company

GAC Denmark A/S is part of the consolidated financial statements of GAC Shipping (UK) Limited, 2A Gateway Business Park, Grangemouth, FK3 8WX, Storbritannien, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of GAC Shipping (UK) Limited can be obtained by contacting the Company.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.